

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

In re:) Chapter 11
)
Blackjewel, L.L.C., et al.,) Case No. 19-bk-30289
)
Debtors.¹) (Jointly Administered)

**REVISED NOTICE OF AUCTION RESULTS AND
SELECTION OF SUCCESSFUL BIDS AND BACKUP BIDS**

PLEASE TAKE NOTICE that, on July 25, 2019, Blackjewel, L.L.C. and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases, filed a *Motion of Debtors for Entry of (I) An Order (A) Approving Bidding Procedures, (B) Scheduling an Auction, Sale Hearing and Other Dates and Deadlines, (C) Approving Contura Energy, Inc. as a Stalking Horse Purchaser, (D) Approving the Assumption and Assignment of Contracts and Leases and Related Cure Procedures, (E) Approving the Purchase Deposit, (F) Authorizing Termination of the 401(K) Plan and (G) Granting Related Relief, and (II) An Order Approving the Sale of the Purchased Assets Free and Clear of Liens, Claims and Encumbrances* [Docket No. 312] (the “Motion”).²

PLEASE TAKE FURTHER NOTICE that, on July 26, 2019, the United States Bankruptcy Court for the Southern District of West Virginia entered an order approving the proposed sale process and related bidding procedures [Docket No. 356] (the “Bidding Procedures Order”).

PLEASE TAKE FURTHER NOTICE that, on August 1, August 2, and August 3, 2019, the Debtors conducted the Auction as contemplated by the Bidding Procedures Order and in accordance with the auction procedures established for the Auction (the “Auction Procedures”), at the offices of Squire Patton Boggs (US) LLP, 201 E. Fourth Street, Suite 1900, Cincinnati, Ohio 45202. At the beginning of the Auction, the Debtors distributed written copies of the Auction Procedures to all people in attendance and the Debtors’ counsel read the Auction Procedures into the record. A copy of the Auction Procedures is attached hereto as **Exhibit A**.

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s taxpayer identification number are as follows: Blackjewel, L.L.C. (0823); Blackjewel Holdings L.L.C. (4745); Revelation Energy Holdings, LLC (8795); Revelation Management Corporation (8908); Revelation Energy, LLC (4605); Dominion Coal Corporation (2957); Harold Keene Coal Co. LLC (6749); Vansant Coal Corporation (2785); Lone Mountain Processing, LLC (0457); Powell Mountain Energy, LLC (1024); and Cumberland River Coal LLC (2213). The headquarters for each of the Debtors is located at 1051 Main Street, Milton, West Virginia 25541-1215.

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Motion or the Bidding Procedures Order, as applicable.

PLEASE TAKE FURTHER NOTICE that the Debtors conducted five successive auctions as follows: (i) an auction relating to Lot 1 comprised of the Debtors' Lone Mountain and Black Mountain, as more fully described below, (ii) an auction relating to Lot 2 comprised of the Debtors' Virginia Subdivision Assets, as more fully described below, (iii) an auction relating to Lot 3 comprised of the combined Assets in Lot 1 and Lot 2, (iv) an auction between the Successful Bidders of Lot 1 and Lot 2 and the Successful Bidder of Lot 3, and (v) an auction relating to Lot 4 comprised of the Debtors' Western Assets and the Pax mine, as more fully described below. The Debtors also conducted various sales of discrete Assets that were not included within the bids for the Assets sold pursuant to the five auctions noted above. Certain of these sales involved a credit bid of secured claims, to the extent the liens securing any such claim are valid, perfected and enforceable on the terms specifically described in the Auction Procedures as read into the record of the Auction. There were multiple rounds of bidding with respect to the auctions on Lot 1 and Lot 3 and in connection with the auction between the successful bidders of Lot 1 and Lot 2 and the successful bidder of Lot 3. The Auction concluded on August 3, 2019 at approximately 8:45 pm E.T.

PLEASE TAKE FURTHER NOTICE that, in accordance with the Bidding Procedures Order, the Debtors have selected the following Successful Bids and the following Backup Bids for each lot of Assets, subject to the execution of final documentation and the entry of an order of the Bankruptcy Court approving the sales to the Successful Bidders (or, if necessary, the Backup Bidders):

I. ASSETS RELATING TO EASTERN OPERATIONS

A. Successful Bids³

The Debtors declared the following combined bids to be the Successful Bid with respect to the following assets:

Combined bidders: Kopper Glo Mining, LLC, Rhino Energy, LLC, Coking Coal, LLC, Tye Fork Coal Company, Inc., Javelin Global Commodities (US) LP ("Javelin Global Commodities") and Blackjewel Marketing and Sales, LP ("BJMS").

(a) Kopper Glo Mining, LLC

Assets: The Assets known as Black Mountain and Lone Mountain, as more particularly described in Kopper Glo Mining, LLC's bid

Cash consideration: \$6,350,000

Additional consideration: Royalty with a Net Present Value ("NPV") in the amount of \$9,100,000 (representing gross royalties in the amount of \$16,400,000 over 6 years, and annual

³ Each Successful Bid is summarized herein. The specific terms of each Successful Bid are more particularly set forth in the Bid materials and transaction documentation provided by the Successful Bidder and as noted on the record of the Auction. Each Successful Bidder confirmed the accuracy of the description of the Successful Bid on the record of the Auction.

royalties of \$2,700,000, using a discount rate of 20%) (the “Kopper Glo Royalty”). This royalty will be assigned at closing to the Agent under the Credit Agreement (the “Riverstone Prepetition Facility”) dated as of July 17, 2017, by and among Blackjewel L.L.C., Blackjewel Holdings LLC, the Lenders party thereto and Riverstone Credit Partners – Direct, LP, as Agent (“Riverstone”) as repayment of the Debtors’ obligations under the Riverstone Prepetition Facility.

Assumption of Asset Retirement Obligations (“ARO”):⁴ \$38,400,000.

(b) Rhino Energy, LLC

Assets: The Virginia Subdivision Assets, as more particularly described in Rhino Energy, LLC’s bid.

Cash consideration: \$850,000

Additional Consideration: Royalty with an NPV in the amount of \$208,000 (representing gross royalties in the amount of \$250,000 over 1 year, using a discount rate of 20%)

Assumption of ARO: \$6,070,000

(c) Coking Coal, LLC

Assets: The Asset known as the Pardee mine, as more particularly described in Coking Coal, LLC’s bid.

Cash consideration: \$50,000

Additional consideration: Royalty with an NPV in the amount of \$2,419,000 (representing gross royalties in the amount of \$4,000,000 over 4 years, and annual royalties of \$1,000,000, using a discount rate of 20%)

Assumption of ARO: \$1,200,000

(d) Tye Fork Coal Company, Inc.

Assets: The mine designated as LM6, as more particularly described in the Tye Fork Coal Company, Inc.’s bid.

Cash consideration: \$400,000

Assumption of ARO: \$75,000

(e) Javelin Global Commodities / BJMS

Assets: Debtor Blackjewel L.L.C.’s thirty percent (30%) limited partnership interest in Blackjewel Marketing and Sales Holdings, LP.

Cash Consideration: \$125,000 paid by Javelin Global Commodities

⁴ Amounts of ARO identified in this Notice are approximations representing the aggregate amount of surety bonds posted to ensure payment of reclamation obligations relating to permits to be acquired by the applicable Successful Bidder.

Settlement: Payment of \$1,400,000 in cash by BJMS to Debtors to resolve various disputes between BJMS and the Debtors relating to post-petition sales.

B. Back-up Bids

The Debtors determined that the Backup Bid for Lot 1 and Lot 2 combined is American Resource Corporation/Quest Energy, Inc.'s last *accepted* bid as previously stated on the record of the Auction on August 2, 2019. However, American Resource Corporation/Quest Energy, Inc.'s last *stated* bid on the record of the Auction was not accepted by the Debtors. The specific terms of the Back-Up Bid of American Resource Corporation/ Quest Energy, Inc. are as follows:

Assets: The Assets known as Black Mountain, Lone Mountain and Virginia Assets, as more particularly described in American Resource Corporation/Quest Energy, Inc.'s bid

Cash consideration: \$6,000,000

Additional consideration: (a) Royalty with an NPV in the amount of \$7,480,000 and (b) a sinking fund for the benefit of employees in the Eastern operations in the aggregate amount of \$3,650,000 with an NPV of \$2,400,000.

Related Miscellaneous Asset Sales: (a) Coking Coal, LLC sale valued at \$2,500,000 and (b) Tye Fork Coal Company, Inc. sale valued at \$400,000

Assumption of ARO: \$215,000,000.

C. Other Purchases of Assets and Credit Bids:

Mark Energy, LLC's bid on the mine designated as LM8 of Cumberland Rivercoal LLC is the Successful Bid with respect to such Asset. The consideration is a cash payment in the amount of \$2,000.

The credit bid of the Dean-McAfee Lenders⁵ for the real property and other assets located in Harlan County, Kentucky as more particularly described in the Dean-McAfee Lenders' bid materials, which assets were expressly excluded from Lot 1 and Lot 3, is the Successful Bid for such Assets.

The credit bid of John Deere Construction & Forestry Company with respect to equipment alleged to be subject to a valid lien, as further described in its bid materials, which equipment was expressly excluded from Lot 1 and Lot 3, is the Successful Bid with respect to such Assets.

D. Improvement in Consideration. As a result of the competitive bidding at the Auction, the consideration (other than assumption of ARO) paid for the Assets conveyed relating to the

⁵ The Dean-McAfee Lenders are defined as Julia L. McAfee and Carl E. McAfee; Dean McAfee Holdings, LLC; Jeffery Paul Dean, Trustee of the Trust for Jeffery Paul Dean (GS Exempt), under Agreement dated August 29, 2008; Donna Mae Kolb, Trustee for the Trust for Donna Mae Kolb (GS Exempt), under Agreement dated August 29, 2008; Aubra Brian Dean, Trustee for the Trust for Aubra Brian Dean (GS Exempt), under Agreement dated August 29, 2008, as successors in interest to the Estate of Aubra Paul Dean).

Eastern Operations, other than the Pax mine, increased by more than \$20 million. The total consideration being paid to the Debtors for Lots 1 and 2 pursuant to the Successful Bids consists of payments in the aggregate amount of \$20,929,406 and total liabilities assumed of \$46,882,500 in ARO and other items.

II. ASSETS RELATING TO WESTERN OPERATIONS AND THE PAX MINE

A. Successful Bid⁶

The Debtors declared the following bid to be the Successful Bid with respect to the following assets:

Bidder: Contura Energy, Inc. (“Contura”)

Assets: The Assets known as (i) the Eagle Butte mine located in Wyoming, (ii) the Belle Ayr mine located in Wyoming and (iii) the Pax mine located in West Virginia, as more specifically set forth in Contura’s bid materials, draft Asset Purchase Agreement and related schedules (the “Contura Bid Materials”).

Cash consideration: \$33,750,000 comprised of

- \$8,100,000 which was funded as the Purchase Deposit.⁷
- \$25,650,000 comprised of (i) \$24,000,000 to be paid to the Agent as repayment of the Debtors’ obligations under the Riverstone Prepetition Facility. Payment of this amount and the assignment to the Agent of Kopper Glo Royalty constitutes the full and complete satisfaction and settlement of all claims held by the Agent and the Lenders under the Riverstone Prepetition Facility, and (ii) \$1,650,000 in cash to be paid to the Debtors’ estate.

Assumption of ARO: \$251,000,000

Other assumed liabilities: As further described in the Contura Bid Materials.

Settlement: As a result of the Auction and the consideration to be given to the Agent and Lenders under the Riverstone Prepetition Facility, the Debtors, Contura and the Agent have settled (the “Settlement”) all disputes and objections among them, including, without limitation, disputes and objections relating to the relative priority of Contura’s lien and Riverstone’s lien on certain equipment, the scope and terms of Contura’s bid, the scope and terms of Riverstone’s credit bid for certain equipment and Riverstone’s objections to the sales conducted at the Auction and other pending motions. As a result of this settlement, Riverstone supports the Successful Bids and other relief sought by the Debtors on the matters to be heard at the hearing on August 5, 2019. The complete terms of the Settlement will be contained in the proposed order approving the Sales.

⁶ Each Successful Bid is summarized herein. The specific terms of each Successful Bid are more particularly set forth in the Bid materials and transaction documentation provided by the Successful Bidder and as noted on the record of the Auction. Each Successful Bidder confirmed the accuracy of the description of the Successful Bid on the record of the Auction.

⁷ Pursuant to the Bidding Procedures Order, the Purchase Deposit is a post-petition loan that, since Contura is the Successful Bidder, is not required to be, and will not be, repaid by the Debtors as set forth in the Bidding Procedures and the Bidding Procedures Order.

Excluded Assets: The following assets are excluded from the purchase by Contura:

- The equipment identified in Sulzer Electro Mechanical Services (US), Inc.'s credit bid, was expressly excluded from the Assets being purchased by Contura and the credit bid is the Successful Bid with respect to such Assets on the terms and subject to the reservation of Contura as noted on the record of the Auction.
- The claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code and any other avoidance actions under the Bankruptcy Code (together, the "Avoidance Actions"), including any proceeds or property recovered, unencumbered or otherwise from the Avoidance Actions, whether by judgment, settlement or otherwise, against the Debtors' insiders (as such term is defined in section 101(31) of the Bankruptcy Code), as more particularly defined in the asset purchase agreement with Contura.

Other Terms: Avoidance Actions will be carved out of the liens that secure all debtor-in-possession financing loans previously approved by the Bankruptcy Court. As a result, all Avoidance Actions not purchased by Contura are unencumbered assets of the Debtors and their estates.

B. Back-up Bid

Riverstone submitted a credit bid for specified equipment located in the Debtors' Western operations against which it asserts a valid lien. The initial amount of Riverstone's credit bid was \$13 million. At the Auction and in connection with the Settlement, Riverstone increased the amount of its credit bid to \$20,000,000 (the "Revised Riverstone Bid"). The Debtors determined that the Revised Riverstone Bid was the Backup Bid for the assets identified in Riverstone's credit bid.

C. Improvement in Consideration. The cash consideration paid pursuant to Contura's Successful Bid in the amount of \$33.75 million represents an increase of \$13,150,000 from its initial bid.

PLEASE TAKE FURTHER NOTICE that, a hearing to consider approval of the sale of the Assets is scheduled for August 5, 2019, at 10:00 a.m. (prevailing Eastern Time) at the Robert C. Byrd U.S. Courthouse, 300 Virginia Street East, Room 3200, Charleston, West Virginia 25301.

PLEASE TAKE FURTHER NOTICE that any sale transactions approved by the Bankruptcy Court are expected to close on or about August 7, 2019.

PLEASE TAKE FURTHER NOTICE that, copies of the Motion, the Bidding Procedures Order and any other related documents are available upon request to Prime Clerk LLC, the Debtors' proposed notice and claims agent, at (844) 234-1462 (toll-free in U.S. or Canada) or by visiting the case website at <http://cases.primeclerk.com/Blackjewel>.

DATED: August 4, 2019

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– and –

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